

STATE OF NORTH CAROLINA

COUNTY OF WAKE

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

14 CVS 006409

STATE OF NORTH CAROLINA *ex rel.*
ROY COOPER, Attorney General,

Plaintiff,

v.

LEGAL HELPERS DEBT RESOLUTION
LLC, a Nevada limited liability company
transacting business in North Carolina
as LEGAL HELPER DEBT
RESOLUTION PLLC d/b/a
Macey, Aleman, Hyslip & Searns

JEFFREY S. HYSLIP
2610 N. Talman Avenue, #4
Chicago, IL 60647-6977,

JASON SEARNS
6377 W. Prentice Avenue
Littleton, CO 80123-5195,

JEFFREY ALEMAN
19 Red Oak Drive
Highland, IL 52249-2361,

and

THOMAS MACEY
1962 North Burling Street
Chicago, IL 60614

Defendants.

CONSENT JUDGMENT

THIS CAUSE came on before the undersigned Judge for entry of a Consent Judgment
between Plaintiff, the State of North Carolina, by and through its Attorney General (hereinafter

the "State"), and Legal Helpers Debt Resolution, LLC, transacting business in North Carolina as Legal Helpers Debt Resolution PLLC, d/b/a Macey, Aleman, Hyslip & Searns (hereinafter "LHDR"), and Jeffrey Hyslip, Jason Searns, Jeffrey Aleman, and Thomas Macey ("the individual defendants").

The State filed a Complaint and Motion for Preliminary Injunction, alleging numerous violations of North Carolina state law and seeking injunctive relief, restitution, recovery of excess charges, civil penalties, and other relief against LHDR and the individual defendants (collectively "Defendants"). The State and Defendants both acknowledge that there is considerable uncertainty associated with collectability in this matter, and the State is confident that it would recover on the merits of the case but for the collectability issue. The parties recognize that LHDR is no longer in business, and Defendants have disclosed to the State that LHDR has virtually no assets. Further, LHDR and the individual defendants are defendants in numerous lawsuits. Defendants represent that there is a very high probability that LHDR may seek the protection of a Chapter 7 bankruptcy filing. The State's agreement to enter into this Consent Judgment is contingent on the accuracy and truthfulness of financial records which Defendants have disclosed to the State, and in the event Defendants' financial disclosures prove to be materially inaccurate or untruthful, this Consent Judgment, at the State's discretion, shall be deemed null and void. The State's agreement to enter into this Consent Judgment is contingent upon the individual defendants' representations that they are financially able to pay the judgment amount and that they have not taken or received any monies and/or assets from LHDR to satisfy the individual defendants' judgment or which might otherwise subject the State to a preference action.

To avoid the uncertainties and expense associated with further litigation, the State and Defendants desire to resolve any and all disputes arising from the allegations in the Complaint. The parties have entered into an agreement which is embodied and set forth in this Consent Judgment. The entry of the Consent Judgment does not constitute an admission of liability by any of the Defendants.

In full and final settlement of the claims set forth in the Complaint, the individual defendants have agreed to a collective judgment of \$122,000, and LHDR is agreeing to a judgment of \$1,533,000. The parties acknowledge that this amount was disclosed by Global Client Solutions in documents produced to the State as the approximate amount of total deposits which North Carolina consumers made with LHDR during the time period addressed in the State's Complaint. LHDR is not representing the accuracy of that number. All Defendants have agreed to the injunctive relief set forth herein. Defendants have also agreed to entry of this Consent Judgment.

Plaintiff and Defendants, by their counsel, have agreed to entry of this Consent Judgment by the Court without trial or adjudication of any issue of fact or law, and without admission of any of the violations alleged in the Complaint.

THEREFORE, on the joint motion of Plaintiff and Defendants, it is hereby **ORDERED, ADJUDGED, and DECREED** as follows:

I. **FINDINGS**

1. The Plaintiff in this case is the State of North Carolina. The State filed its Complaint and Motion for Preliminary Injunction, with supporting affidavits, on May 15, 2014.
2. The Defendants in this case are the above-named defendants. Each defendant was properly served with a copy of the State's Complaint and Motion.

3. This Court has jurisdiction over the subject matter and the parties.
4. In its Complaint, the State alleged that Defendants were offering debt adjusting services and collecting advance fees for such services in violation of North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423 *et seq.*, and that Defendants were otherwise engaged in unfair and deceptive practices in the marketing, solicitation, and performance of their debt relief services, in violation of the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1. The State sought injunctive relief, refunds for customers, statutory civil penalties, costs, and other appropriate relief.
5. The Complaint states a claim upon which relief may be granted. The conduct alleged in the Complaint is in or affecting commerce.
6. Defendants have agreed to the terms of this Consent Judgment solely for the purpose of voluntarily resolving disputed claims and to avoid the expense and uncertainty of continued litigation. In entering into this Consent Judgment, Defendants do not admit or acknowledge that they have violated the law in the conduct of their business in North Carolina or elsewhere.
7. Good cause exists for the Court to enter judgment as to Defendants, as set forth herein.
8. Defendants have, by signature of their counsel hereto, waived any right to appeal, petition for certiorari, or move to reargue or rehear this judgment and order. Entry of this Consent Judgment is in the public interest.
9. The State is entitled to the relief set forth herein pursuant to N.C. Gen. Stat. § 14-425 and N.C. Gen. Stat. §§ 75-14, 75-15, and 75-15.1.
10. The parties have agreed to resolve their differences and the agreement of the parties is just and reasonable with respect to all parties. The Court approves the terms of the

parties' agreement and adopts them as its own determination of the parties' respective rights and obligations.

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

II. DEFINITIONS

The following definitions shall apply to this Consent Judgment:

1. "Defendants" means Legal Helpers Debt Resolution LLC, Legal Helpers Debt Resolution PLLC, Macey, Aleman, Hyslip & Searns, Jeffrey Hyslip, Jason Searns, Jeffrey Aleman, and Thomas Macey.
2. "Consumer" means former and current, if any, North Carolina clients of LHDR.
3. "Attorney General" means the Attorney General of North Carolina or his representatives or designees.
4. "Business Day(s)" means Monday through Friday of any given week.
5. "Contract" means the contract or other written agreement entered into between one or more of Defendants and the consumer prior to the entry of this Consent Judgment.
6. "Debt Settlement" means the undertaking by Defendants to negotiate, resolve, settle, or compromise unsecured claims held by creditors against consumers, and further includes "debt adjusting" as that term is defined in N.C. Gen. Stat. § 14-423.

III. INJUNCTION

IT IS HEREBY STIPULATED, AGREED AND ORDERED as follows:

A. Defendants shall not, directly or indirectly, conduct any debt settlement, modification, assistance, or counseling services on behalf of North Carolina residents. Defendants also shall not, directly or indirectly, conduct any mortgage modification, assistance, counseling, or foreclosure relief services on behalf of North Carolina residents (or involving property located in North Carolina). However, to the extent Defendants have existing North Carolina consumer customers who enrolled for services prior to the State's filing of its Complaint on May 15, 2014, the defendants shall only be allowed to transmit monies from existing consumer settlement accounts directly to a consumer's creditor, and only with the approval of the consumer. The defendants are specifically prohibited from taking any monies from any existing consumer settlement account and using/retaining such monies for any fees and costs, including the fees and costs of any third-party "back end" debt settlement entity. Nothing in this Paragraph shall bar any of the aforementioned persons from negotiating and compromising consumer debts on behalf of clients as part of a *bona fide* consumer bankruptcy law practice or fair credit reporting act practice, or fair debt collection practices act practice, provided they comply with Paragraph B below.

B. Notwithstanding the foregoing, the individual defendants may engage in the practice of law in North Carolina provided they become licensed to practice law in the State of North Carolina, or are admitted to practice before a North Carolina court, *pro hac vice*. Individual Defendants may associate with lawyers licensed in North Carolina for a particular matter, but, individual Defendants must be admitted to practice *pro hac vice* for each matter. Where the matter is not in litigation in a court of law, the individual Defendants must become

admitted to practice pursuant to the procedures set forth in the North Carolina Rules of Professional Conduct.

C. Defendants are prohibited from soliciting, directly or indirectly, North Carolina residents for the purpose of offering debt settlement, debt negotiation, debt management, mortgage modification, foreclosure relief services, or any related debt adjusting services, and are likewise prohibited from such solicitation on behalf of any third party offering these services.

D. Defendants are ordered to, and agree to cooperate with the Attorney General in good faith in connection with the Attorney General's administration and issuance of restitution, including providing timely responses to reasonable requests by the Attorney General for customer information reasonably necessary to effectuate the restitution process. Defendants agree to deliver to the Attorney General, in a format acceptable to the Attorney General, the name, contact information, and account/payment history for each of their North Carolina consumer customers. The State acknowledges that, in the event of a bankruptcy filing, the State may have to obtain the records at issue from a bankruptcy trustee.

IT IS FURTHER ORDERED that, if any defendant violates any injunctive provision of this Consent Judgment, or if the individual defendants' judgment is not paid, the Attorney General may seek the imposition of appropriate civil penalties against any one or more Defendants for their own violations pursuant to N.C. Gen. Stat. § 14-425 and N.C. Gen. Stat. §75-15.2.

IV. PAYMENT TO THE STATE

Upon entry of this Consent Judgment, judgment is entered in favor of the State of North Carolina and against the individual defendants Thomas Macey, Jason Searns, Jeffrey Aleman and Jeffrey Hyslip collectively in the total amount of \$122,000 for attorneys' fees, investigative

costs and for consumer restitution, consumer education, enforcement or other consumer protection purposes at the discretion of the Attorney General. Within two business days of the entry of this judgment, those defendants are ordered to pay this sum to the State of North Carolina (and if such payment is not timely made, the Court shall, upon notice and motion, vacate this Consent Judgment, and Defendants shall be responsible for Plaintiff's reasonable attorneys' fees associated with such nonpayment). The individual Defendants represent that the \$122,000 necessary to satisfy the judgment is in the possession of their counsel, and the individual Defendants consent to the transmission of that amount to the State via cashier's check sent via Federal Express next day delivery immediately upon execution of the Consent Judgment. Upon entry of this Consent Judgment, judgment is entered in favor of the State of North Carolina and against Defendant LHDR in the amount of \$1,533,000 for restitution to North Carolina consumers. Within 90 business days of the entry of this judgment, that Defendant is ordered to pay this sum to the State of North Carolina.

Defendants represent the very high probability that LHDR may file a bankruptcy petition in the near future. The parties have advised the Court that they have conferred with respective counsel in this subject.

The parties further acknowledge that the individual defendants' agreement to pay the State \$122,000 and accept a judgment in that amount was a material inducement to the State, in its willingness to accept a judgment of \$1,533,000 as against LHDR. But for the payment of \$122,000, the State would not have been willing to accept a judgment in that amount.

C. Payment shall be made by cashier's check made payable to the "North Carolina Department of Justice," and delivered to Stuart M. Saunders, Assistant Attorney General, North Carolina Department of Justice, 114 West Edenton St., Raleigh, North Carolina 27602.

V. RELEASE AND GENERAL PROVISIONS

A. Nothing contained in this Consent Judgment shall be construed to deprive any consumer or other person or entity of any private right under the law.

B. Nothing contained in this Consent Judgment shall be construed as approval, sanction or authorization of any act, practice, or conduct of Defendants.

C. This Consent Judgment fully resolves all claims asserted in the State's complaint, and all matters of dispute between the State and Defendants (and Defendants' current and former members, managers, officers, directors, shareholders, partners, employees, and attorneys, and their successors and assigns) with respect to the course of conduct alleged in the State's complaint occurring up to the date of entry of this Consent Judgment. This Consent Judgment is in full satisfaction of all such matters, and this Consent Judgment shall have preclusive effect for any such matters. Nothing in this Consent Judgment shall be construed to limit the authority of Plaintiff to prospectively enforce laws, regulations or rules against Defendants, their successors and assigns with respect to conduct occurring after the date of entry of this Consent Judgment.

D. The Court shall retain jurisdiction of this matter for the purposes of enabling any of the parties to this Consent Judgment to apply to the Court at any time for such further orders or directives as may be necessary or appropriate for the interpretation or modification of this Consent Judgment, for the enforcement of compliance therewith, or for the punishment of violations thereof. The provisions of this Consent Judgment shall be enforceable by contempt proceedings and as provided in N.C. Gen. Stat. § 75-15.2.

E. The parties are in agreement with the foregoing and affix their signatures below and consent to entry of this Final Judgment and Consent Decree.

VI. COMPLIANCE

For purposes of determining and securing compliance with this Consent Decree, the Attorney General shall be permitted upon fifteen (15) days prior written notice:

A. Reasonable access during normal office hours to any and all relevant and non-privileged records and documents in the possession, custody, or control of Defendants which relate to any of the matters contained herein.

B. Subject to the reasonable convenience of Defendants, to conduct interviews of any of the members, directors, officers, employees, agents, and any other persons acting on their behalf, each of whom may have counsel present, relating to any non-privileged matter contained herein.

C. Defendants retain the right to object to any request under paragraphs (A) or (B) above within ten (10) days after its receipt on the grounds that the request is not reasonable, or not relevant to the matters contained herein, or otherwise is not in accordance with law. Any such objection shall be directed to this Court for a ruling, with service by mail of the objection upon the Attorney General.

D. In the event that any of the individual defendants (*i.e.*, the parties paying the \$122,000 amount) file a petition in bankruptcy within 90 days of the entry of this Consent Judgment, and if some or all of the \$122,000 settlement payment is disgorged as a preferential payment, then the non-filing Defendants agree to pay to the State any money the State is ordered or required to pay to the bankruptcy estate and shall reimburse the State for any costs, expenses, and attorneys fees incurred by the State in defending a preference action; the individual defendants shall be jointly and severally liable for the full amount of \$122,000. Provided,

however, that the State must provide notice of any preference claim to the Defendants and permit the Defendants to defend the preference claim.

SO ORDERED this 25th day of September, 2014.

The Honorable Michael H. Hyatt
Judge, Wake County ~~Circuit Court~~
Superior

The parties, by their respective counsel, hereby consent to the terms and conditions of the Consent Judgment as set forth above, and consent to the entry thereof.

Plaintiff, STATE OF NORTH CAROLINA ex rel. ROY COOPER, ATTORNEY GENERAL

By: [Signature]
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Consumer Protection Division
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09/25/14
Date

Legal Helpers Debt Resolution, LLC

By: _____

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Its Managing Member

Thomas G. Macey

Jeffrey J. Aleman

Jeffrey S. Hyslip

Jason E. Searns

Samantha Kilpatrick for TCK
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Date

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Counsel for Defendants

T. Elliott

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SO ORDERED this 25th day of September, 2014.

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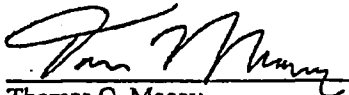
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Legal Helpers Debt Resolution, LLC

By: 
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Its Managing Member

9/25/14
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Thomas G. Macey

09/25/14
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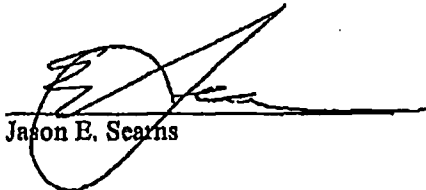
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